

JUN 4 2002

STATE OF SOUTH CAROLINA  
DEPARTMENT OF INSURANCE  
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**Before the State of South Carolina  
Department of Insurance**

In the matter of:

Northeast Investors Title Insurance Company

2000 Park Street  
Suite 208, White House  
Columbia, South Carolina 29201

SCDI File Number 2002-111983

**Consent Order  
Imposing Administrative Penalty**

This matter comes before me pursuant to an agreement entered into between the State of South Carolina Department of Insurance and Northeast Investors Title Insurance Company (the Company), a South Carolina domestic insurer.

The Department's recent financial examination of the Company revealed, and I find as fact, that the Company failed to submit management agreements to the Department for approval. These actions are a direct violation of § 38-21-250 (2)(iv) of the South Carolina Code and can ultimately lead to the revocation of the insurer's certificate of authority pursuant to § 38-5-120 (A) (2) to transact the business of insurance within South Carolina.

Section 38-21-250 (2)(iv) of the South Carolina Code in pertinent part states:


The following transactions involving a domestic insurer and any person in its holding company system may not be entered into unless the insurer has notified the department in writing of its intention to enter into the transaction at least thirty days prior thereto, or such shorter period as the director or his designee may permit, and the director or his designee has not disapproved it within such period:

...

(iv) all management agreements, service contracts, and all costs-sharing arrangements....

Rather than contest this matter, the parties have agreed to submit the entire matter to me, along with their specific recommendation, for my summary decision. That consensual recommendation was that the Company would waive its right to a public hearing and immediately submit an administrative penalty through the Department in the total amount of \$5,000.

After a thorough review of the matter, carefully considering the recommendations of the parties, and pursuant to my findings of fact and conclusions of law, I hereby accept the recommendation of the parties and impose an administrative fine in the total amount of \$5,000 against the Company pursuant to the discretionary authority provided to me by the State of South

 Northeast Investors  
Title Ins. Co.

Carolina General Assembly within S.C. Code Ann. §§ 38-2-10 and 38-5-130 (2002). The Company must pay this administrative fine within fifteen days of my date and signature upon this consent order. If the Company has not paid that total amount on, or before, that date, then the Company's certificate of authority to transact business as an insurer within the State of South Carolina will be summarily revoked without any further administrative disciplinary proceedings.

This parties have arrived at this recommendation in consideration of the internal corrective measures the Company has implemented to prevent this problem from recurring. The parties also expressly agree and understand payment of the agreed-upon penalty constitutes full accord and satisfaction of this matter.

By the signature of one of its officers or authorized representatives upon this consent order, the Company acknowledges that it understands that this administrative disciplinary order is a public record subject to the disclosure requirements of the State of South Carolina's *Freedom of Information Act*, S.C. Code Ann. §§ 30-4-10, *et seq.* (1991 and Supp. 2001).

Nothing contained within this administrative disciplinary order should be construed to limit, or to deprive any person of, any private right of action under the law. Nothing contained within this administrative disciplinary order should be construed to limit, in any manner, the criminal jurisdiction of any law enforcement or judicial officer. Nothing contained within this administrative disciplinary order should be construed to limit the statutory duty, pursuant to S.C. Code Ann. § 38-3-110 (2002), of the Director of Insurance, exercised either directly or through the Department to "report to the Attorney General or other appropriate law enforcement officials criminal violations of the laws relative to the business of insurance or the provisions of this title which he considers necessary to report."

It is, therefore, ordered that Northeast Investors Title Insurance Company shall, within fifteen days of my date and my signature upon this consent order, pay through the Department an administrative fine in the total amount of \$5,000.

It is further ordered that a copy of this consent order shall be immediately transmitted to the National Association of Insurance Commissioners for distribution to its member states.

This consent order becomes effective on the date of my signature below.



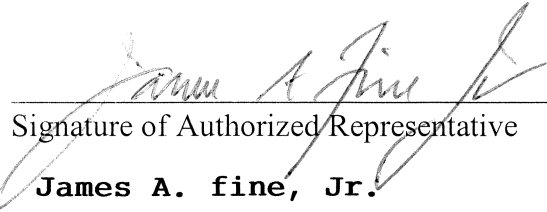
Ernst N. Csiszar  
Director

June 4, 2002  
Columbia, South Carolina



Northeast Investors  
Title Ins. Co.

I CONSENT:

  
\_\_\_\_\_  
Signature of Authorized Representative  
**James A. fine, Jr.**

\_\_\_\_\_  
Name

**EVP & Chief Financial Officer**

\_\_\_\_\_  
Title

Northeast Investors Title Insurance Company  
2000 Park Street  
Columbia, South Carolina 29201

Dated this 29 day of MAY, 2002